



**Insolvency  
Practitioners  
Association**

**VPR**

**VOLUME  
PROVIDER  
REGULATION**

IMPLEMENTING CHANGE - IMPROVING QUALITY

**2022**

**BENCHMARK  
REPORT**



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## CEO Introduction

Paul Smith



Welcome to the fourth benchmark report of the Insolvency Practitioners Association (IPA) Volume Provider Regulation Scheme (the Scheme).

The Scheme was developed in consultation with key stakeholders in 2018 and came into effect on 1 January 2019 in response to the rapid changes being seen in the Individual Voluntary Arrangement (IVA) market. It was clear to the IPA that this market needed a new form of regulation to provide assurance that it was functioning as it should. In response to this, we implemented the Scheme with the cooperation of the Volume IVA Providers and following additional conversations with IPs, the Government, debt charities and creditors. In July 2019, the Scheme was extended to cover Scottish Protected Trust Deeds (PTDs) administered at volume.

Now in its fifth year, the Scheme has enabled us to build increased data on the performance of the market so that we can better support it from a regulatory perspective, with a particular focus on how this can feed through to improved client outcomes.

The Scheme continued to grow in its fourth year, with the addition of a new IVA provider member, The Insolvency Group. During 2022 the Scheme covered 63% of the IVA market and 75% of the PTD market. The Scheme market coverage is expected to increase further during 2023 with new members joining.

The Scheme is the only example of continuous monitoring in insolvency regulation, and we believe it offers as close or higher a level of scrutiny of any financial services provider in any sector. Improving standards is a key aim of the Scheme. In this regard, we were particularly pleased to see a continued reduction in complaints across Scheme members during 2022, down to 75 from 100 in 2021 and 205 in 2020. This suggests that the Scheme is being successful in achieving a marked improvement in

standards amongst scheme members, although this is kept constantly under review.

As noted in previous reports, the IPA are committed to tackling any inconsistencies in the volume IVA and PTD market but have to work within the existing regulatory confines whilst still seeking to achieve meaningful regulatory impact. The IPA's longstanding view is that the IVA market has outgrown legislation which was designed for a different era and did not anticipate the commercial developments which now dominate the market. The IPA have campaigned for an audit of the commercial landscape in the IVA market, the introduction of new regulatory powers to regulate firms, and a review of debt management products in their entirety. As a consequence, the IPA welcomed the Insolvency Service's review of the personal insolvency landscape which was announced in September 2021 as part of their five-year strategy. During 2022, the IPA have responded to a call for evidence in this arena and will continue to be involved as the review progresses.

The IPA also responded to the Government consultation on The Future of Insolvency Regulation during 2022 and has actively and constructively engaged with the Insolvency Service and other Recognised Professional Bodies on potential regulatory reform including the introduction of a Single Regulator and the extension of regulation to firms.

We were particularly pleased to see the release of the revised SIP 3.1. The changes, which the IPA took a leading role in forming, place more responsibility on the IP to ensure that the debtor has received sufficient advice prior to entering an IVA, including those who have been referred to an IP by a third party 'introducer'. We hope that the changes will contribute to overall improvements in market performance.

A handwritten signature in black ink, appearing to read 'Paul Smith', with a long horizontal stroke extending to the right.

**Paul Smith**  
**Chief Executive Officer**



## Chief Inspector Introduction

David Holland

The planning for the fifth year of the Scheme shows how monitoring in the insolvency industry has adapted significantly since the first year. The Benchmark Report is an opportunity to show how we measure performance against industry standards and identify areas for improvement, which ultimately helps practitioners serve their clients better.

### **Advancements in Monitoring and Benchmarking**

The Scheme has evolved since its inception, allowing the IPA as a regulator to adjust to emerging issues and compare practitioner performance. The development of advice monitoring allows for us as a regulator to check that advice to clients is impartial and meets an individual's specific circumstances and needs, and most importantly that the individual has chosen the solution based on a clear understanding of the alternatives.

### **IVAs and PTDs comparisons**

IVAs for England and Wales and PTDs for Scotland are both formal debt solutions for individuals struggling with unmanageable debt. Although similar in some respects, they differ in the legislative framework in which they operate and where they position with alternative debt solutions. The Scottish model has defined legislative solutions across personal debt solutions that is shown to serve individuals well when they are facing uncertainties. Whilst IVAs have shown to have been flexible during the financial pressures of Covid and so far, with the increased costs of living, completion levels are remaining at around 80% with individuals receiving significant debt write-offs. However, this figure is unlikely to improve further without uniform creditors acceptance of change or legislative change.

The Benchmark Report rightly puts IVAs and PTDs in the spotlight to demonstrate what is working well but also areas of concern. One of the problems with these solutions often being in the spotlight, is that there can be a tendency to focus on every perceived fault and consideration of the benefits of IVAs and PTDs is lost when there is no meaningful comparison against alternative debt solutions. To truly consider the

effectiveness of debt solutions there needs to be comparable data across all solutions.

The legislation for PTDs has adapted and evolved which means that any individual declaring insolvency can pay a proportion of their debt back and, so long as they remain engaged in the solution, they will complete their PTD. By contrast, an IVA is reliant on creditors accepting any further compromise during its term, if it falls outside of the 15% allowed under the IVA protocol. This important difference highlights the current inconsistency between the two markets.

### Scepticism and misconceptions around IVAs

Although IVAs have numerous benefits including being a self-funded solution, incorporating legally binding debt write-offs, and pre-agreed fees, scepticism remains. One of the most significant problems is what happens when individuals cannot maintain payments outside of the 15% discretion allowed under the IVA Protocol. In our view, built-in legislative flexibility is needed to reduce the current 20% failure rate in IVAs. In the meantime, to help address the costs of living pressures, we have been calling on the creditors to agree to increase the level of discretion afforded in the IVA protocol to give individuals more certainty and reduce the administrative burden of calling a variation meeting on protocol compliant IVAs. As part of this work, we produced the following table in June 2022 to help highlight the problem of using broad averages to make decisions affecting individuals.

**Table 1. Summary of IVA cases at June 2022 showing monthly contributions by year of IVA, average debt levels and home ownership**

% by DI	Disposable Income ("DI")	Y1 Age profile	Y2 Age profile	Y3 Age profile	Y4 Age profile	Y5 Age profile	Y6+ Age profile	Homeowner %	Average debt level	Average DI
7.7	<£75	2,573	25,61	2,730	2,850	3,619	3,174	10.29	£17,729	£41
37.3	£76-£100	21,750	19,973	16,200	14,861	9,738	5,886	5.60	£20,550	£89
38.6	£101-£250	14,708	15,900	18,638	17,436	14,478	8,610	12.15	£25,481	£150
6.8	£251-£500	1,347	1,926	3,409	3,599	3,516	1,980	24.99	£36,515	£332
1.1	£501+	179	240	567	610	611	378	36.15	£50,298	£731
8.5	Blanks	0	0							
		40,557	40,600	41,544	39,356	31,962	20,028	17.84	£30,115	£125

It is all too simplistic for commentators to say that the average IVA is paying £125pm as Disposable Income (DI) and the average debts are £30,000. As a result of the significant data which the IPA receives through the Scheme, we are able to show in the table above some of the complexities of IVAs which can address some of the misconceptions. Critics of IVAs will immediately focus on why there are c.8% of cases paying less than £75 per month and opine that these should be Debt Relief Orders (DRO). The review of this cohort hides the complexity of individual circumstances. Often the individuals typically do not qualify for a DRO due to a property interest, other asset and income criteria. Another solution such as a Debt Management Plan (DMP) for the client with an average debt of £17,729 is 34 years compared to a 5-year IVA. One of the advantages for creditors with an IVA is that, in an IVA, the creditors fix the fees charged. In a fixed fee IVA, creditors will receive a minimum of 30% of the contributions as a dividend.

We have seen two IVA firms fail in 2022 which appear to be primarily due to the pressures of the fixed fee model of £3,650 and not getting their own business funding model right. The IPA worked with all stakeholders, and were involved with the Administrators just prior to appointment to help ensure that there was minimal disruption to the clients involved.

IVA fixed fees at £3,650 over the term of the IVA are often criticised as being high, but the firm failures do highlight that the operating margins are slim, and it requires careful management. However, the benefits of IVAs should not be overlooked. For 2022, 22,269 clients of scheme members became debt free by completing their IVAs and 4,937 completed their PTDs. These are significant numbers of people helped with a debt solution each year. PTDs have a higher success rate but this is probably as a result of the existing Scottish legislation.

## **Conclusion and Recommendations**

Whilst there is an ongoing review of personal insolvency framework for England and Wales, the Government needs to urgently look to the strengths of the Scottish system to establish whether there are any lessons to be learned to help adapt the IVA procedure. Under Scottish insolvency legislation, the system covers the three basic debt solutions of providing time to repay, compromise or write off. The systems and regulation across debt solutions for England and Wales remains disjointed and largely



ineffective. In our view, there needs to be greater transparency to review the effectiveness of different debt solutions and minimise the harms of solution overlap.

The Scheme allows greater transparency over the processes that the IPA regulates, but to assist both individuals and creditors to make better decisions there needs to be greater transparency of both the successes and failures across all the debt solutions for England and Wales. This year, we have requested data relating to various other debt solutions; Bankruptcy dividend outputs, and DI of individuals on monthly Income Payments Orders; DMP levels of debt under management and repayment terms.

Unfortunately, detailed comparable data has not been made available. We received limited data for DMPs but without further detailed investigation, it is difficult to make meaningful comparisons with other solutions. There appears to be a similar level of debt under management of around £6bn and average monthly repayments are also similar. However, the repayment terms vary enormously, and it would be an unwise simplification to criticise long term DMPs of over 10 years and suggest that they should all convert to a shorter 5 year IVA without detailed analysis.

I consider it would be hugely beneficial to have this data and use this to inform and implement the necessary changes. Nevertheless, in the absence of available, reliable and meaningful data, the IPA will continue to fulfil our statutory Regulatory Objectives of:

- Fair treatment, regulatory principles and consistent outcomes
- Encouraging an independent and competitive profession, which provides high quality services at fair and reasonable cost, acts transparently, with integrity and considers interests of all creditors in a particular case
- Promoting the maximisation of the value and promptness of returns to creditors
- Protecting and promoting the public interest

To assist with the continuation of achieving the Objectives this year:

- We have amended the Scheme membership terms to make firms themselves more accountable for regulatory outcomes.

- We will continue to work with the Insolvency Service, FCA and other stakeholders to address harms posed by fraudulent, non-compliant and misleading advertising. Please see 12.2 of this report for more detail.
- Continue to promote awareness of the success of IVA and PTDs and continue to focus on areas for improvement, such as revisions to the IVA Protocol to improve success rates and consumer journeys.
- Focus on the charging of expenses to cases to ensure they meet the fair and reasonable tests as required
- Focus on seeking amendments to the IVA protocol by increasing the minimum debt level of £5,000, reviewing the methods of assessing the value of property interests and increasing the level of discretion to flex repayment above the current Protocol level of 15%

## 1. Background and Scheme Outline

The Insolvency Practitioners Association (IPA) is the only professional body whose sole purpose is to inform and regulate Insolvency Practitioners (IPs) licensed to operate within the UK.

The IPA has 1,813 firm, individual and student members and is the largest of the Recognised Professional Bodies (RPBs) in terms of volume.

The IPA's principal aim is to promote and maintain high standards of performance and professional conduct amongst those engaged in insolvency and insolvency-related practice.

The IPA also look to encourage wider knowledge and understanding of insolvency within and outside the insolvency profession. The IPA maintains a leading role in the development of professional insolvency standards and its IPs are licensed in relation to formal insolvencies conducted in England, Wales, Scotland and Northern Ireland.

The IPA have amongst its regulatory population, the largest share of IPs and firms operating in the Personal Insolvency market, especially at scale ("volume providers").

At the beginning of 2019, the IPA launched a new regulatory framework, the Volume Provider Regulation (VPR) Scheme (the Scheme). This was in response to the Insolvency Service's call for more stringent monitoring of volume IVA providers (those who conduct more than 2% of the IVA market – entry level is currently around 7,300 IVAs). In July 2019 the Scheme was extended to also include volume PTD providers (those who conduct more than 10% of the PTD market – entry level is currently around 3,000 PTDs).

Whilst the Scheme is voluntary, all volume providers who are regulated by the IPA are expected to join.

The additional monitoring provided by the Scheme covers the principles outlined in this guidance: [www.gov.uk/guidance/monitoring-individual-voluntary-arrangement-providers](http://www.gov.uk/guidance/monitoring-individual-voluntary-arrangement-providers). It should be noted that this guidance is currently under review and is therefore subject to change.



Scheme members agree to pay for the ongoing additional VPR monitoring service provided by the Scheme.

Whilst the IPA do not have formal powers to regulate firms, the Scheme members acknowledge the role of their firms in providing the environment in which their IPs operate and offer greater insight at firm level than other regulatory activity.

The Scheme is overseen by the IPA's Chief Inspector and carried out by a dedicated team.

The key features of the Scheme are as follows:

- Continuous monitoring through Monthly Data Returns
- One full visit and up to four focused reviews a year
- Regular call monitoring
- Bespoke investigations into identified areas of concern
- Scheme members provide annual accounts, detail of their corporate structures and other data as required
- Bi-monthly meetings between the Chief Inspector and each Scheme member
- Quarterly meetings between the IPA and the Scheme member representative group

The IPA's Regulation and Conduct Committee (the Committee) is charged with a responsibility to ensure that each of the IPA's licensed IPs continues to be a fit and proper person to hold an insolvency authorisation. The Committee comprises a majority of lay members, alongside insolvency specialists, including a number with particular expertise in the IVA/PTD field. Together, their primary objective is to promote the highest standards of practice and carry out the Committee's functions in accordance with the Government's Better Regulation principles.

Every inspection visit, review outcome and substantiated complaint is referred to the Committee for consideration. Should the Committee find a prima facie case of misconduct then it may refer to the Insolvency Service's Common Sanctions Guidance (CSG) to consider the appropriate sanction, or if it is more serious and it is appropriate, refer the matter to the

Disciplinary and Appeals Committee. Under current legislation there is no maximum number of reprimands that an IP can receive but the Committee continues to consider an IP's fitness to practice. A copy of the current CSG can be found at [www.gov.uk/government/publications/disciplinary-sanctions-against-insolvency-practitioners/common-sanctions-guidance](http://www.gov.uk/government/publications/disciplinary-sanctions-against-insolvency-practitioners/common-sanctions-guidance).

The IPA continue to be committed to tackling iniquities in the volume IVA and PTD market but have to work within the existing regulatory confines whilst still seeking to achieve significant regulatory impact. The IPA has considered for a number of years that more change is needed in the volume space. The IPA's longstanding view is that the IVA market has outgrown legislation which governs insolvency regulation and was designed for a different era which did not anticipate the commercial developments now dominating the market.

The IPA have campaigned for some time now for the introduction of new regulatory powers to regulate firms, and a review of debt management products in their entirety.

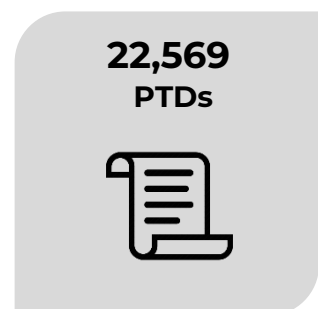
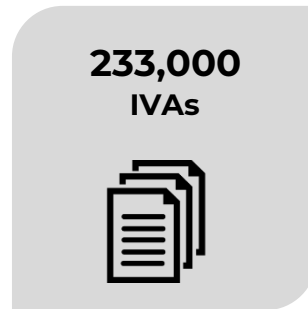
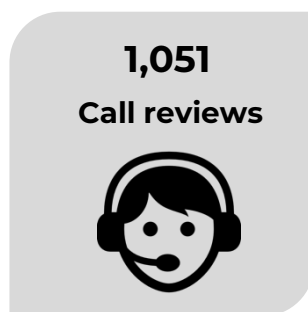
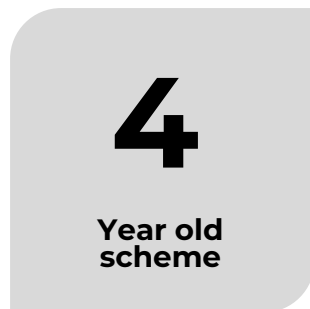
The IPA welcomed the Insolvency Service's review of the personal insolvency landscape which was announced in September 2021 as part of their five-year strategy. The IPA have and will continue to contribute to this review.

The IPA continues to work towards the creation of a highly qualified and effective regulatory regime that protects the public interest but is compatible with a commercially viable market.

This report provides more detail on the operation of the Scheme during its fourth year, 2022.

Previous years' Benchmark reports can be found at [www.insolvency-practitioners.org.uk/news-and-notifications](http://www.insolvency-practitioners.org.uk/news-and-notifications).

## 2. The Scheme in 2022 in Numbers





### 3. Scheme Members

#### IVA Providers

- Creditfix
- Debt Movement
- Freeman Jones
- Hanover Insolvency
- Oakfield Financial
- Payplan Partnership
- Payplan Bespoke
- Quality Insolvency Services
- StepChange Voluntary Arrangements
- The Insolvency Group



#### PTD Providers

- Carrington Dean
- Harper McDermott
- Payplan Scotland



Whilst predominately an IVA provider, Hanover also administer a small percentage of PTDs. Hanover ceased to take new appointments in Q4 of 2022.

The IVA Advisor were a member of the Scheme during 2022 until Q3 when they entered Administration.

The Insolvency Group joined the Scheme at the end of Q1 but provided their Monthly Data from the commencement of 2022.

Oakfield Financial do not take new appointments and have not done so since 2020.

Quality Insolvency Services entered Administration in Q4 of 2022.

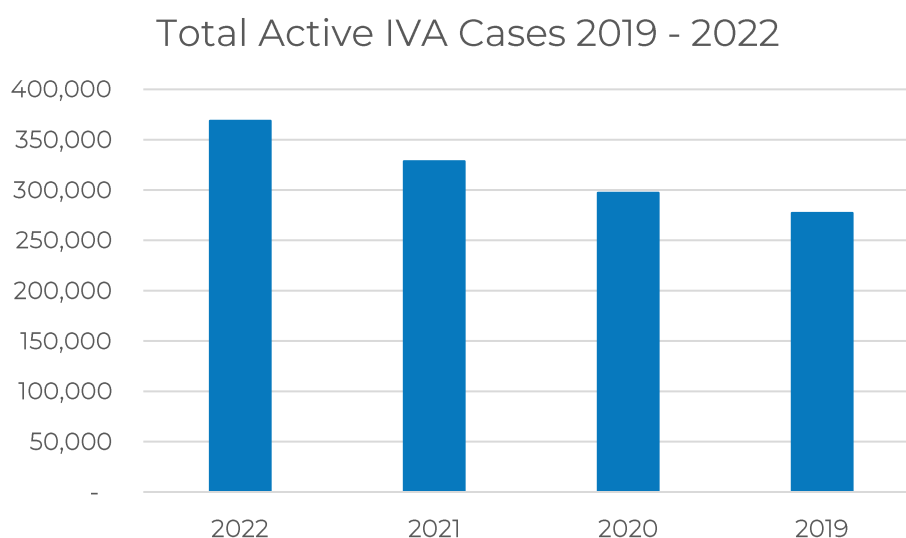
## 4. IVAs and PTDs in Numbers

### IVAs

At 31 December 2022, the total number of open IVA cases was 368,822<sup>1</sup>. This figure represents the number of both new and existing IVAs.

The total number of IVA cases has continued to grow since the Scheme's inception in 2019.

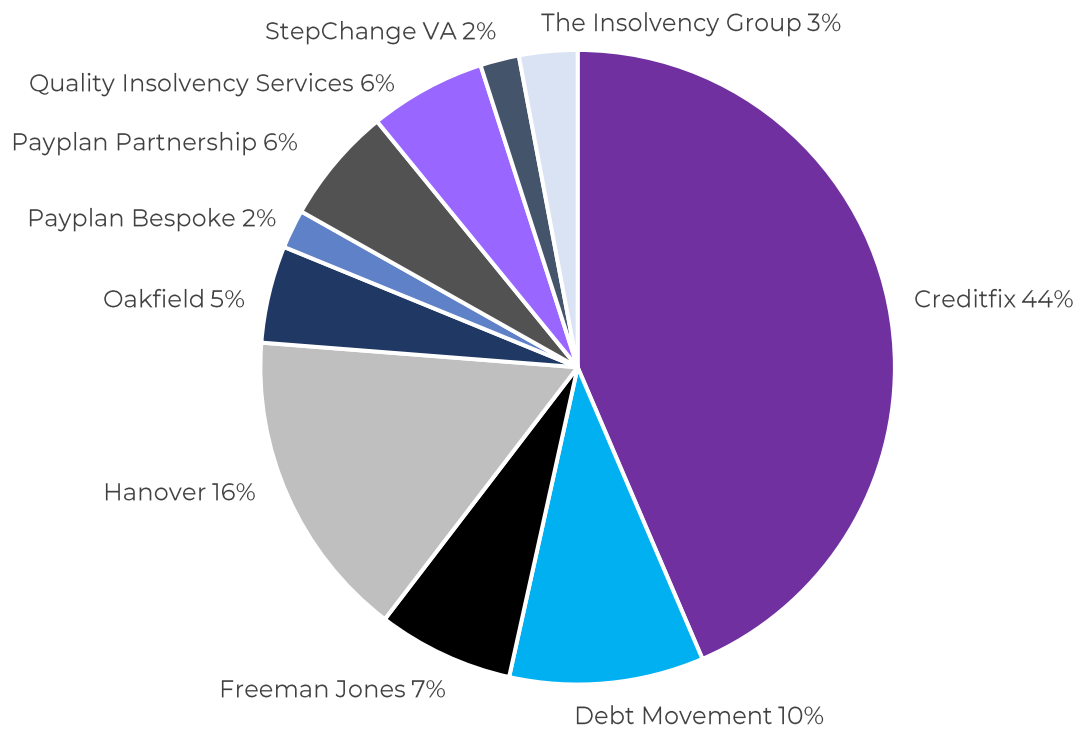
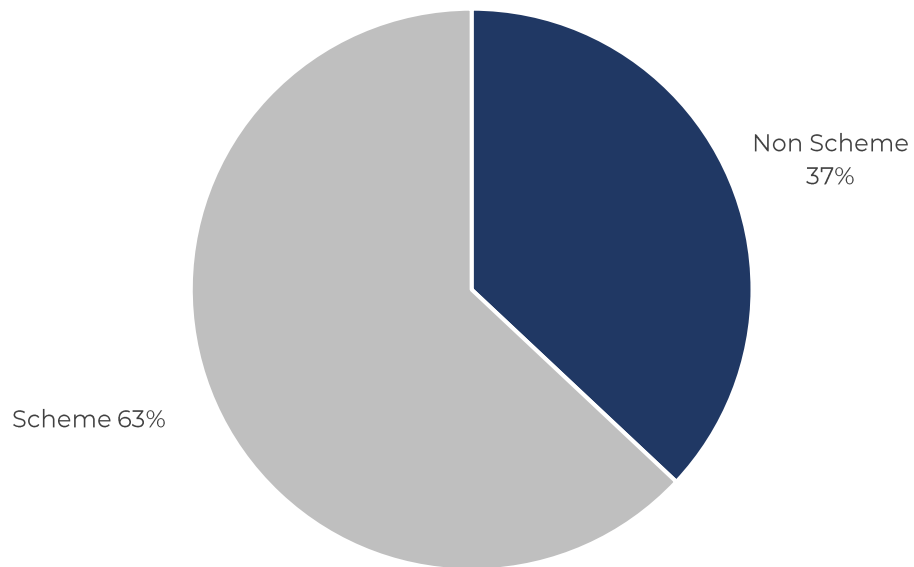
Date	Total Number of IVA Cases	Increase
31/12/2022	368,822 <sup>1</sup>	40,156
31/12/2021	328,666 <sup>1</sup>	31,355
31/12/2020	297,311 <sup>1</sup>	20,016
31/12/2019	277,295 <sup>1</sup>	-



Of the 368,822<sup>1</sup> cases 233,000 were Scheme member cases (see table overleaf). During 2022 Scheme members represented 63% of the IVA market. The following charts set out the current position of the IVA market represented by Scheme members.

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<sup>1</sup> Figure provided by the Insolvency Service





<b>Scheme Member</b>	<b>Number of Cases as at 31/12/2022</b>
Creditfix	102,210
Debt Movement	23,635
Freeman Jones	15,397
Hanover	36,756
Oakfield	11,362
Payplan Bespoke	4,313
Payplan Partnership	13,786
Quality Insolvency Services	13,699
StepChange Voluntary Arrangements	4,793
The Insolvency Group	7,049
<b>Total</b>	<b>233,000</b>

There were 55,113 new IVA appointments across Scheme members in 2022. During 2021 there were 40,647 new IVA appointments across Scheme members. Scheme member new IVA appointments have therefore increased by 14,466 during 2022.

The main reason for the increase in new appointments across Scheme members in 2022 compared to 2021 is the addition of a new Scheme member, The Insolvency Group in 2022, along with increased case numbers at both Creditfix and Quality Insolvency Services.

The table below shows the movement in IVA Scheme member case numbers since 2020:

<b>Scheme Member / Former Scheme Member</b>	<b>Number of Cases as at 31/12/2022</b>	<b>Number of Cases as at 31/12/2021</b>	<b>Number of Cases as at 31/12/2020</b>
Creditfix	102,210	92,448	91,224
Debt Movement (formerly Jarvis Insolvency)	23,635	25,816	27,287
Freeman Jones	15,397	19,892	22,637
Hanover	36,756	35,972	30,255
Oakfield	11,362	12,641	14,185
Payplan Bespoke	4,313	4,183	4,381

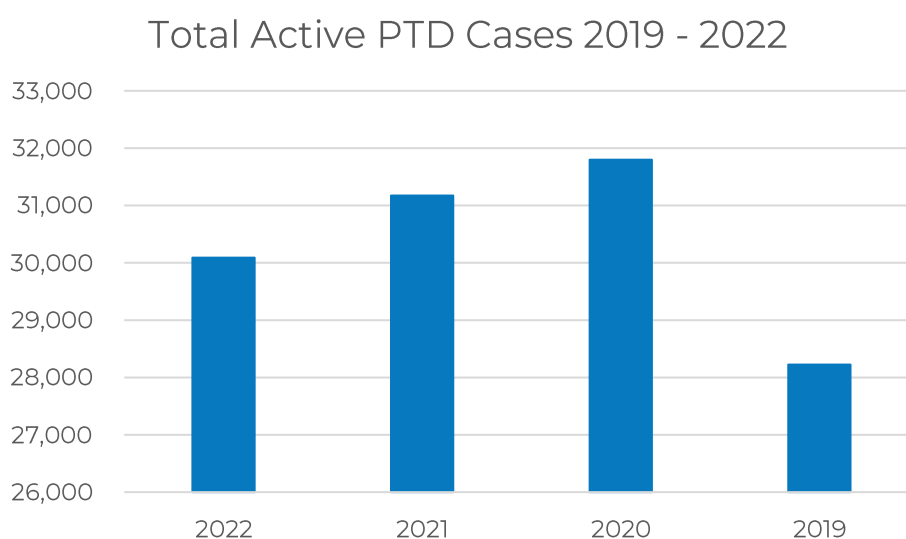
Payplan Partnership	13,786	12,809	12,854
Quality Insolvency Services	13,699	9,696	-
StepChange Voluntary Arrangements	4,793	5,174	-
The IVA Advisor (former member)	-	3,994	-
The Insolvency Group	7,049	-	-
<b>Total</b>	<b>233,000</b>	<b>222,625</b>	<b>202,823</b>

## PTDs

At 31 December 2022 the total number of PTD cases was 30,090<sup>2</sup>. This figure represents the number of both new and existing PTDs.

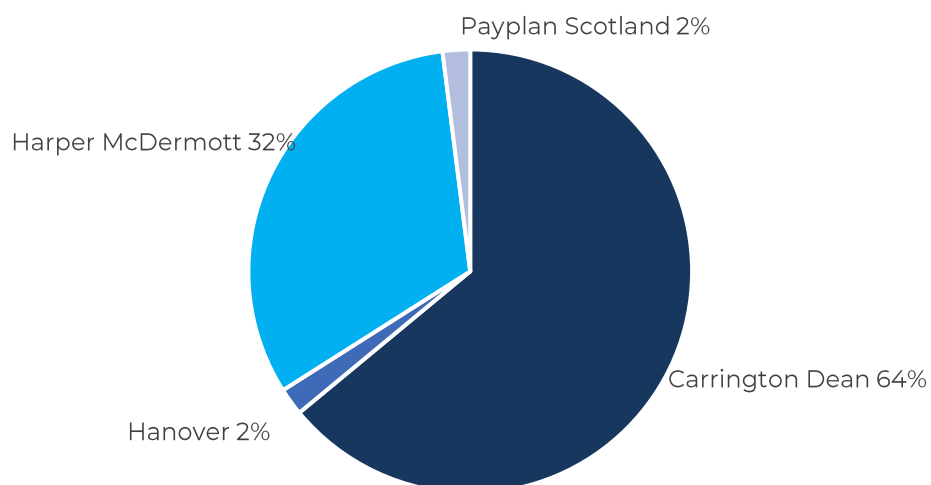
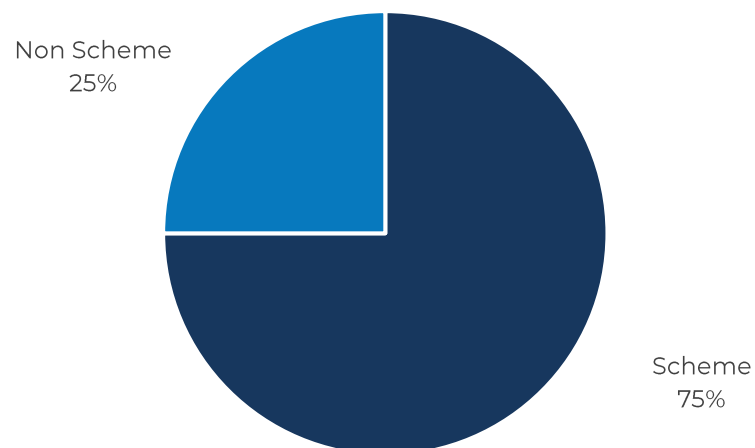
PTD cases increased in 2020 which could be due to the Covid-19 pandemic.

Date	Total Number of PTD Cases	Increase / (decrease)
31/12/2022	30,090 <sup>2</sup>	(1,083)
31/12/2021	31,173 <sup>2</sup>	(625)
31/12/2020	31,798 <sup>2</sup>	3,532
31/12/2019	28,226 <sup>2</sup>	-



<sup>2</sup> Figure provided by Accountant in Bankruptcy

Of the 30,090<sup>2</sup> total PTD cases, 22,569 were Scheme member cases. During 2022 Scheme members represented 75% of the PTD market. The following charts set out the current position of the PTD market represented by Scheme members.



<b>Scheme Member</b>	<b>Number of Cases as at 31/12/2022</b>
Carrington Dean	14,431
Hanover	564
Harper McDermott	7,216
Payplan Scotland	358
<b>Total</b>	<b>22,569</b>

There were 3,665 new PTD appointments across Scheme members in 2022. During 2021 there were 4,248 new PTD appointments across Scheme members. Scheme member new PTD appointments have therefore decreased by 583 during 2022.

The table below shows the movement in PTD Scheme members case numbers since 2020:

<b>Scheme Member / Former Scheme Member</b>	<b>Number of Cases as at 31/12/2022</b>	<b>Number of Cases as at 31/12/2021</b>	<b>Number of Cases as at 31/12/2020</b>
Carrington Dean	14,431	17,016	14,479
Hanover	564	675	684
Harper McDermott	7,216	6,524	
Payplan Scotland	358	379	418
Wilson Andrews (former member)	-	-	1,590
<b>Total</b>	<b>22,569</b>	<b>24,594</b>	<b>17,171</b>

Whilst Scheme member PTD appointments have decreased, PTD Scheme member Debt Arrangement Scheme (DAS) appointments have increased during 2022.

## 5. Scheme Activity 2022

This chapter sets out the monitoring activity undertaken in 2022 in order to meet the objectives of the Scheme.

Please see below for a summary of reviews carried out in 2022:

Type of Review	Carried Out	Cases Reviewed
Full Inspection Visit	13	177
Focused Review	48	451
Call Review	16	169
Additional Call Monitoring	-	882

Further detail on the Full Inspection Visits, Focused Reviews and Call Reviews / Additional Call Monitoring is given in Chapters 6, 7, 8, 9 and 10.

Scheme members have continued to submit their Monthly Data Returns throughout 2022. The Monthly Data Return template is provided to the member by the IPA. The template requests data and supporting schedules covering 21 areas.

The data returns assist the IPA with gathering statistical information. The data returns also assist with the early identification of any anomalies which can then be followed up and investigated further where necessary.

Quarterly meetings were held with the Scheme member IP representatives, the IPA's Chief Inspector and the IPA Scheme inspection team to discuss Scheme and industry wide issues in an open forum.

Individual bi-monthly meetings were held throughout 2022 with the Scheme member IP representative and the IPA's Chief Inspector. During 2022, the IPA introduced exclusive quarterly executive level meetings between the IPA's CEO and Head of Regulation with the Scheme members CEOs/Business Owners in order to understand the commercial and business strategies and address any concerns.

## 6. Full Inspection Visits

During 2022 full inspection visits were carried out to all 13 Scheme members.

Prior to a full inspection visit, a Pre-Visit Questionnaire is issued to the Scheme member IP(s) for completion and return. The questionnaire assists the Inspectors with planning the visit and includes questions on the following:

- The Insolvency Practitioner(s) details
- Practice information
- Office procedures
- Anti-Money Laundering procedures
- Staff numbers and structure
- Client money regulations
- Sources of work
- Fee size and basis
- Training and ongoing development

From the case data provided with the Scheme member's Monthly Data Return, a selection is made of the cases which are to be reviewed during the inspection. The number of cases selected is dependent on the number of appointments held. A full review will be carried out on a proportion of the cases selected, with the remainder subject to specific consideration of the following areas:

- Annual reporting to creditors and individual
- Arrears and whether payments are being followed up
- Breaches of arrangements and the treatment of those
- Completion and how quickly final payment arrangements are finalised
- Distributions and fees, checking timing and quantum accords with proposal
- Failure, checking that failure arrangements have been processed properly
- Income and Expenditure reviews to check arrangement progression



- Progression of cases generally
- Property 'month 54' reviews in relation to equity
- Time expired cases, where the initial proposal period has been exceeded
- Variations to arrangements and the processes for obtaining those
- Source of introduction and evidence of work undertaken by them

Meetings are held with the IPs and also with staff members to review the processes and procedures such as the cashiering function during the course of the inspection.

The outcome of each full inspection visit is used to determine the areas for the focused reviews.

There were no common risk areas identified across the members in the course of the full inspection visits.

## 7. Focused Reviews

The purpose of a focused review is to look at specific areas, such as case progression, income & expenditure (I&E) reviews etc. The need for this type of review may arise as a result of a number of factors. These could include any findings from a full inspection visit, intelligence from a complaint, or as a result of the Committee asking for a review to be focused on a particular area.

A total of 48 focused reviews were carried out during 2022. 12 reviews were carried out across Scheme members on Case Failure reviewing 111 cases; full details of this review can be found in Chapter 8.

A further 36 focused reviews were carried out reviewing 340 cases. Please see overleaf for a breakdown of those reviews.

A focus across all Scheme members during 2022 was Annual Reporting and I&E. This was to ensure that all firms are complying with the statutory requirements. The reviews looked at the timing and content of the Annual Reports and the accuracy and detail each firm takes when reviewing a debtor's income and expenditure.

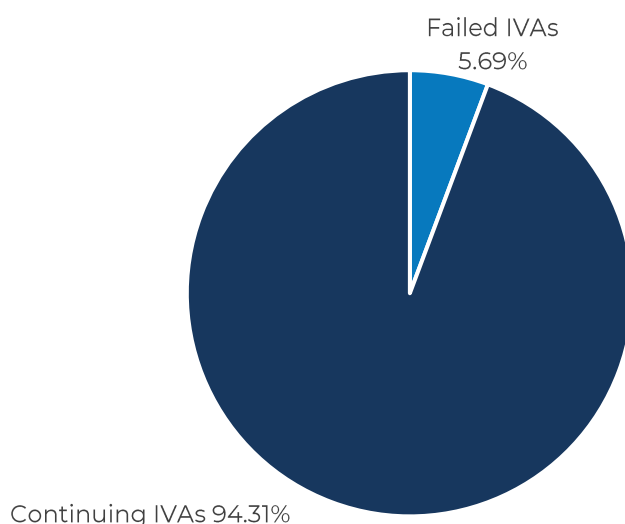
	Member	Area of Focus	Cases Reviewed
1	Hanover	Annual Reporting	20
2	Hanover	I&E Reviews	20
3	Creditfix	Annual Reporting	21
4	Creditfix	I&E Reviews	21
5	Carrington Dean	Annual Reporting	7
6	Carrington Dean	I&E Reviews	7
7	Freeman Jones	Annual Reporting	18
8	Freeman Jones	I&E Reviews	18
9	StepChange	Annual Reporting	8
10	StepChange	I&E Reviews	8
11	StepChange	Variations	8
12	StepChange	Arrears	8
13	The IVA Advisor	Annual Reporting	10
14	The IVA Advisor	I&E Reviews	10
15	Freeman Jones	Arrears	10
16	Freeman Jones	Variations	10
17	Payplan Bespoke	Annual Reporting	4
18	Payplan Partnership	Annual Reporting	8
19	Payplan Scotland	Annual Reporting	2
20	Payplan Bespoke	I&E Reviews	4
21	Payplan Partnership	I&E Reviews	8
22	Payplan Scotland	I&E Reviews	2
23	Harper McDermott	Annual Reporting	5
24	Harper McDermott	I&E Reviews	5
25	Quality Insolvency Services	Arrears	8
26	Quality Insolvency Services	Variations	8
27	Debt Movement	Arrears	8
28	Debt Movement	Variations	6
29	Oakfield	Annual Reporting	10
30	Oakfield	I&E Reviews	10
31	Creditfix	Distribution & Fees	21
32	Carrington Dean	Distribution & Fees	6
33	Carrington Dean	Position changed during 5-week period pre protection	7
34	Oakfield	Arrears	5
35	Oakfield	Variations	5
36	Harper McDermott	Position changed during 5-week period pre protection	4
<b>Total Cases Reviewed</b>			<b>340</b>

## 8. Case Failure Review

The Insolvency Service produced statistics which showed that in 2019 8.4% of IVAs had failed in the first year. This was an increase from previous years.

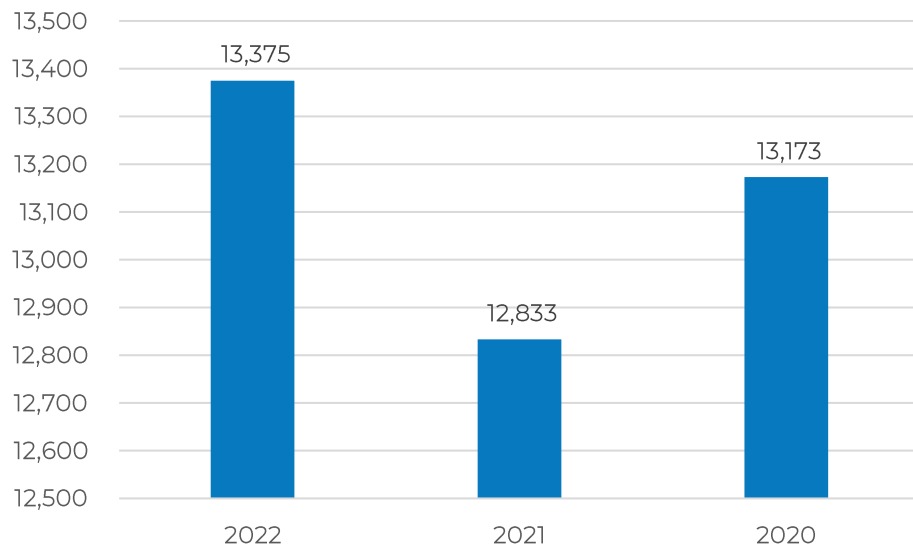
During 2022 a total of 13,735 cases failed across Scheme members. This is 5.69% of cases based on a total number of open Scheme member IVA cases of 241,529.

The failure data in this review included The IVA Advisor's failure statistics which covered January – August 2022. Their total number of open cases has therefore been taken as at 31 August 2022 (8,529). All other Scheme members' open cases figure is as at 31 December 2022.



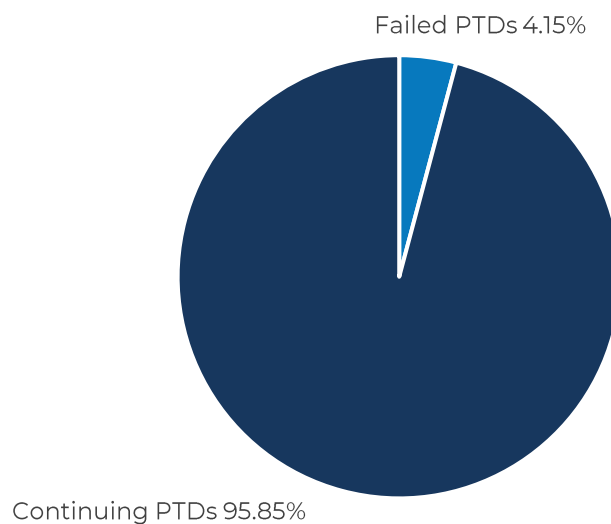
Scheme member IVA failure rates for 2022 compare to previous years as follows:

Year	Total of Failed Scheme Member IVAs	Failed Percentage of Total Open Scheme Member Cases
2022	13,735	5.69%
2021	12,833	5.74%
2020	13,173	6.49%



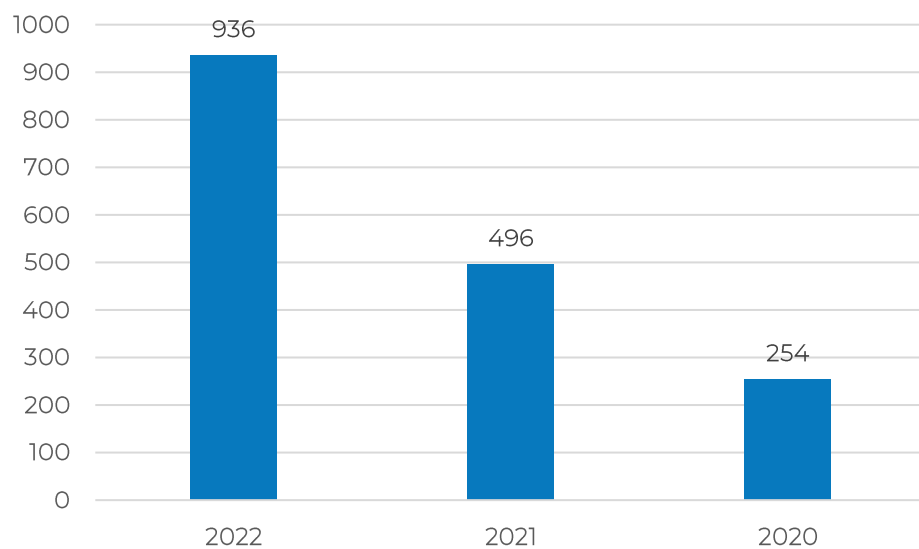
IVA failure rates for Scheme members have remained consistent since 2020.

During 2022 a total of 936 PTD cases failed across Scheme members. This is 4.15% of cases based on the total number of open Scheme member cases as at 31 December 2022 (22,569).



Scheme member PTD failure rates for 2022 compare to previous years as follows overleaf:

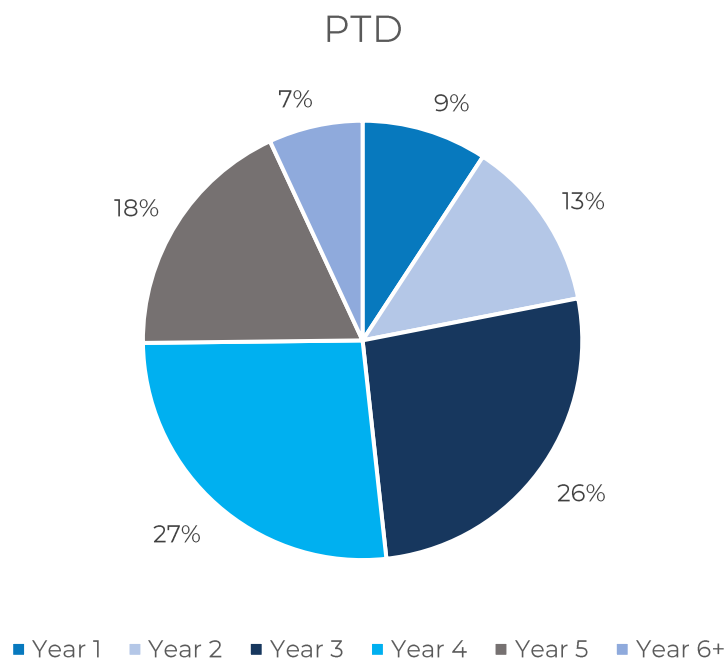
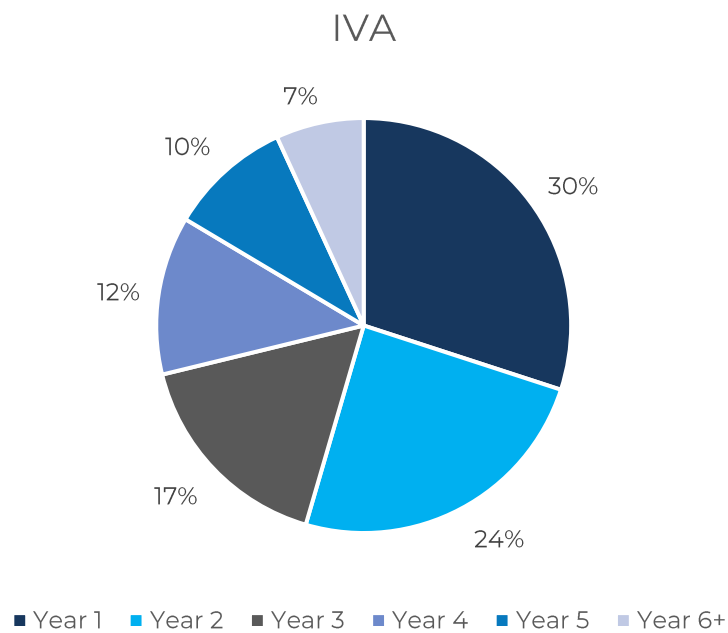
Year	Total of Failed Scheme Member PTDs	Failed Percentage of Total Open Scheme Member Cases
2022	936	4.15%
2021	496	2.02%
2020	254	1.48%



PTD failure rates for Scheme members have increased since 2020. The increase in failure rates has been attributed in the most part to the current cost of living crisis. Contributions have now become unsustainable due to the increase in energy, petrol and food.

For the 5.69% of IVA cases, and 4.15% of PTD cases, which failed in the year to December 2022, the following charts detail in which year of the IVA/PTD the case failed.





During 2021 the data showed that IVA case failures were more prevalent in years two and three. Whereas for 2022 the data shows that IVA case failures were more prevalent in years one and two.

During 2021 the data showed that PTD case failures were more prevalent in years two and three. Whereas for 2022 the data shows that PTD case failures were more prevalent in years three and four.

As per 2020 and 2021, during 2022 focused reviews on failures were carried out across all Scheme members in order to assess if there are any underlying concerns or trends.

Please note that The IVA Advisor's failure review was not carried out due to the company entering Administration prior to the date scheduled for the review. A failure review was also not carried out at The Insolvency Group due to this being their first year in the Scheme and the initial focus of the Inspectors was on advice.

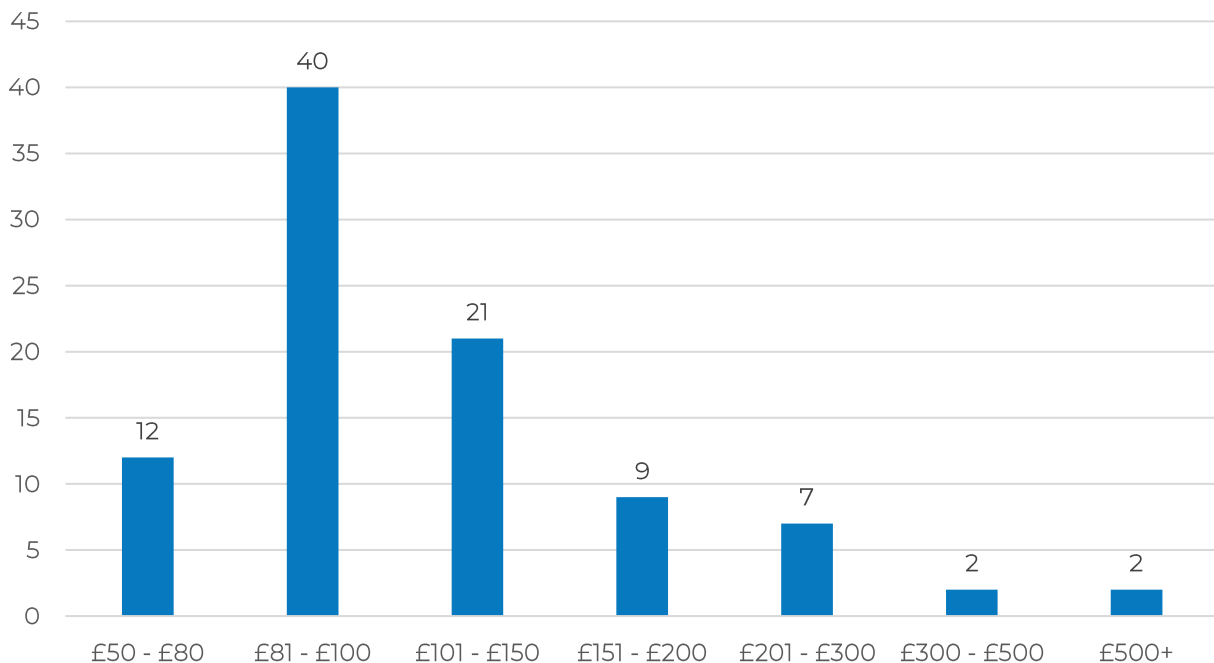
The review sought to establish the reasons for failure and to ascertain whether the advice given prior to appointment had had any impact on the failure or could be considered to be a contributing factor.

A total of 93 IVA and 18 PTD cases were reviewed. Please see below for a breakdown of the cases reviewed for each Scheme member together with the age of the case at failure:

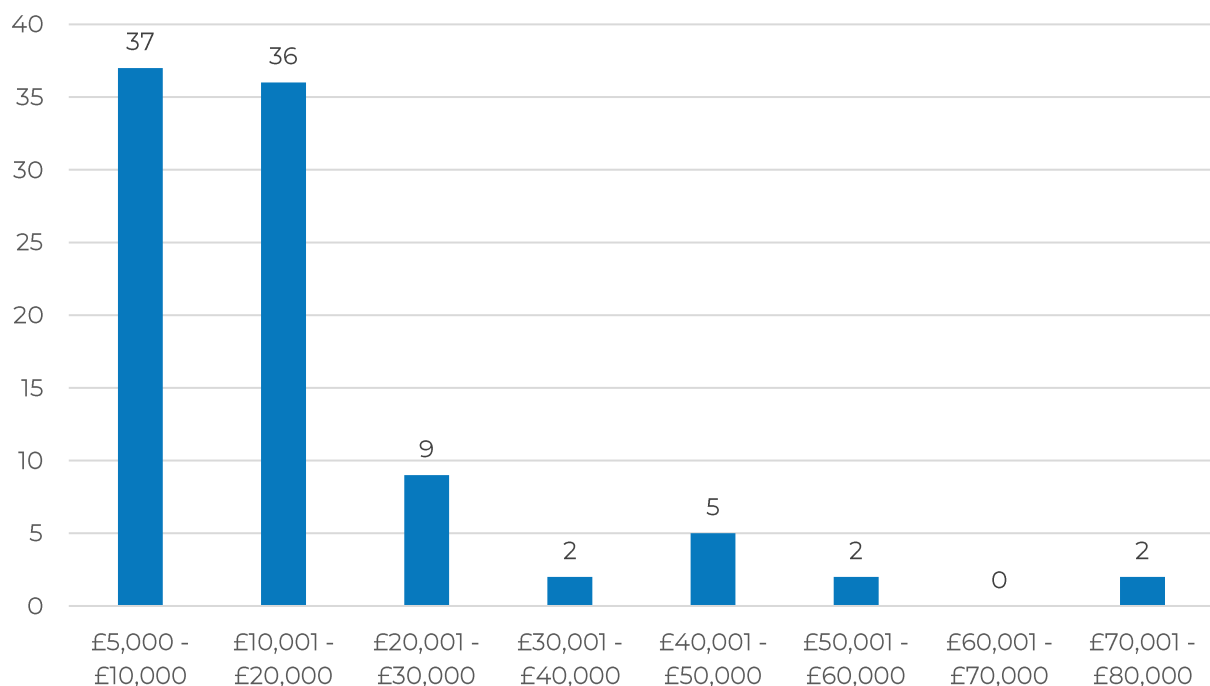
Member	Failed within (months)						Total
	6	7-12	13-18	19-24	25-36	37-48	
<b>IVA</b>							
Creditfix	1	12	3	11	3	-	<b>30</b>
Debt Movement	1	5	6	-	-	-	<b>12</b>
Freeman Jones	2	1	3	2	2	-	<b>10</b>
Hanover	3	2	2	3	1	1	<b>12</b>
Oakfield	-	-	-	-	5	1	<b>6</b>
Payplan Bespoke	-	-	-	-	2	-	<b>2</b>
Payplan Partnership	-	2	3	1	-	-	<b>6</b>
Quality Insolvency Services	1	6	3	-	-	-	<b>10</b>
StepChange VA	-	3	-	2	-	-	<b>5</b>
	<b>8</b>	<b>31</b>	<b>20</b>	<b>19</b>	<b>13</b>	<b>2</b>	<b>93</b>
<b>PTD</b>							
Carrington Dean	2	-	3	3	2	-	<b>10</b>
Harper McDermott	-	2	1	1	2	-	<b>6</b>
Payplan Scotland	-	-	-	2	-	-	<b>2</b>
	<b>2</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>-</b>	<b>18</b>

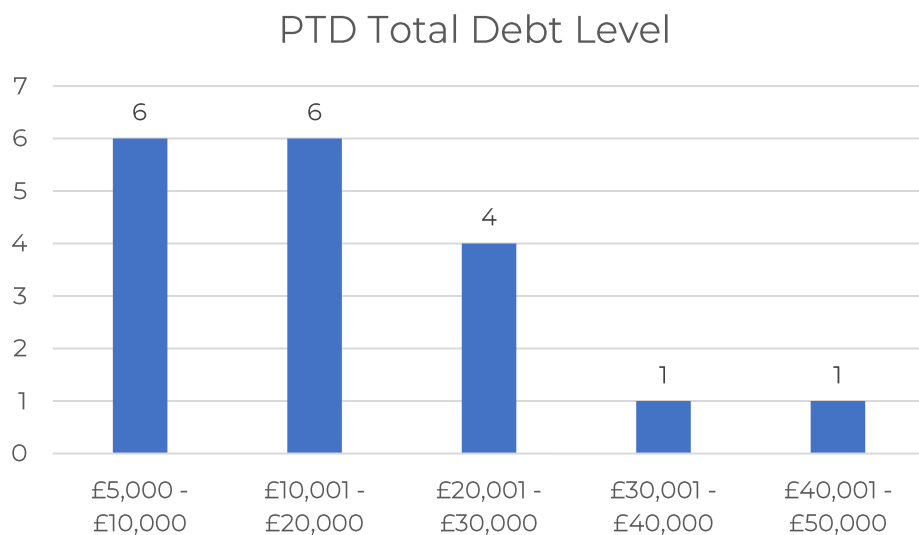
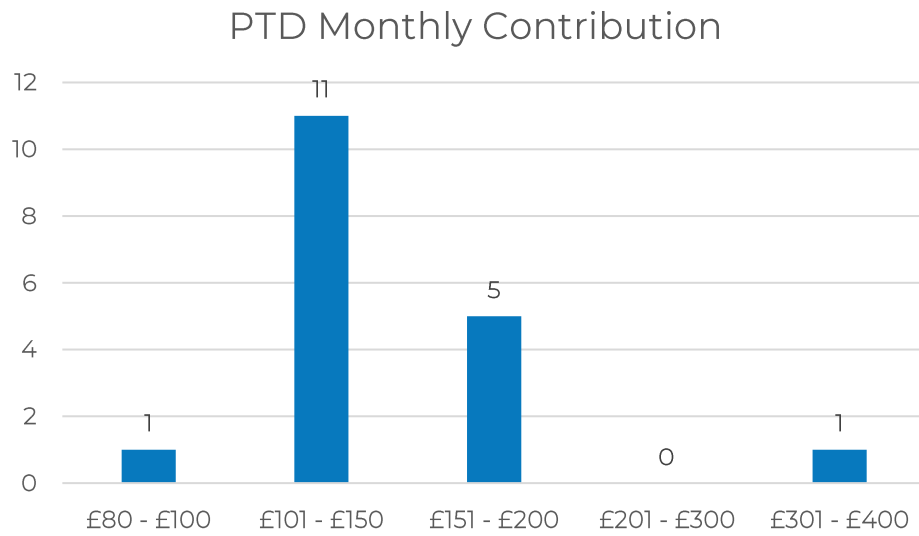
The cases reviewed were selected by the Inspectors and covered a range of different criteria such as level of contribution and total debt level. Please see below charts for a breakdown of the monthly contribution and total debt level for the cases reviewed.

IVA Monthly Contribution



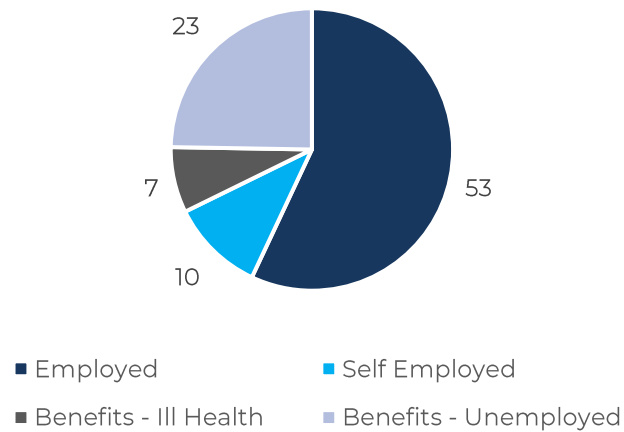
IVA Total Debt Level



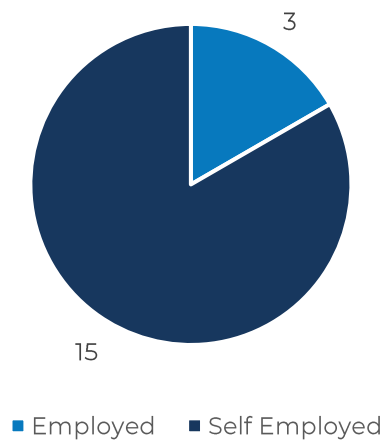


The cases reviewed were also selected to encompass a range of different income sources such as employed, self-employed and benefit only income. Please see the following charts for a breakdown.

### IVA Income Source



### PTD Income Source



The Inspectors reviewed the documentation for each together with the pre appointment calls.

Reasons for failure were noted as follows:

Reason	Number of cases IVA		Number of cases PTD	
Arrears	48	52%	3	17%
Change in Circumstances (CIC)	25	27%	10	55%
Debtor's request	18	19%	5	28%
Other	2	2%	-	-
<b>Total cases reviewed</b>	<b>93</b>	<b>100%</b>	<b>18</b>	<b>100%</b>

The reason for failure on some cases fell into more than one category. For instance, a case may have failed due to arrears however the arrears had accrued due to a CIC. Another reason may have been that the debtor requested the termination due to a CIC. In cases of this nature the most pertinent reason has been allocated.

Cases where arrears have been noted as the reason for failure are cases where arrears have accrued and either no reason has been provided by the debtor for the arrears or the debtor has failed to engage in any communication with the Scheme member to address the arrears.

CIC is where the debtor's circumstances have changed, impacting on their income and expenditure, making the IVA/PTD no longer sustainable or viable. Changes include illness, divorce/separation, and changes to income.

A debtor's request is where the debtor has requested that their IVA/PTD be terminated without a change in circumstances prompting the request. In these cases, the debtor had changed their mind and/or had decided to pursue another available solution/option.

Where the reason for failure is noted as 'other' this relates to two IVA cases where creditors objected to the IVA. The creditors claimed to have not been notified accordingly of the proposed IVAs and that, had they been, they would have voted against so the IVAs were failed.

The 2022 review reached the same conclusion as the reviews carried out in 2021 and 2020 in that there was no overriding trend identified from the cases reviewed. The failures did not fall into any specific category of case characteristic.

Out of the total 93 IVA cases reviewed, one case has been identified where the Inspectors consider that the failure could be attributed to the pre-appointment advice. In this case the call handler failed to relay part of the script which advised the debtor that their bank account could be frozen. The debtor's bank account was subsequently frozen upon approval of the IVA which resulted in arrears accruing.



There were no PTD cases where failure was identified to be attributed to advice on the cases reviewed.

By contrast to the failures, 22,269 IVAs and 4,937 PTDs were successfully completed during 2022.

## **9. Reasons Why Debtors Do Not Choose Other Available Personal Insolvency Solutions Over IVA**

Under the Scheme, members are subject to regular call reviews. As part of those reviews the Inspectors check that the debtor has made an informed decision when choosing a Personal Insolvency (PI) solution.

All Scheme members are expected to ask, and check, the reasons why a debtor does not wish to choose another available PI solution over an IVA. This is so that the call handler can be satisfied that the debtor fully understands all options available and is therefore making an informed decision.

The other formal PI solutions are Bankruptcy, Debt Management Plan and Debt Relief Order.

For this review, 109 cases were selected across Scheme members and the particular reasons noted for why the debtor did not wish to choose any of the other available formal PI solutions.

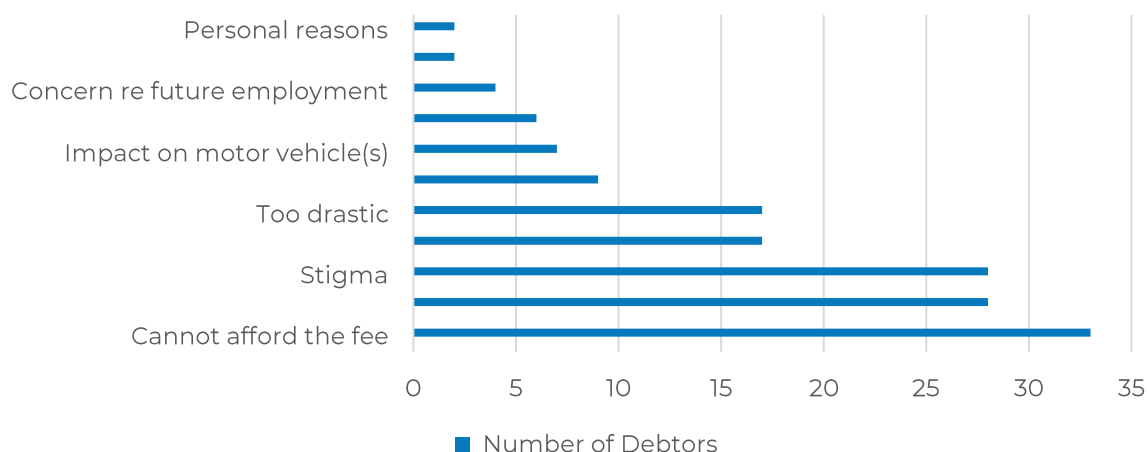
The cases reviewed were selected by the Inspectors. The cases covered calls conducted on appointments from October 2021 – July 2022.

The findings from the review are detailed below. They are consistent with the findings from the same type of review carried out in 2021.

### **Bankruptcy**

The reasons given by debtors for not wishing to proceed with the Bankruptcy solution are detailed below. It should be noted that in some cases debtors gave more than one reason for not wishing to proceed with Bankruptcy.

## Reasons for not choosing Bankruptcy



Reasons for not choosing Bankruptcy	Number of Debtors	Percentage of Debtors
Cannot afford the fee	33	30%
Moral obligation to repay creditors as much as possible	28	26%
Stigma	28	26%
Impact on property	17	16%
Too drastic	17	16%
No specific reason	9	8%
Impact on motor vehicle(s)	7	6%
Concern re current employment	6	6%
Concern re future employment	4	4%
Previous Bankruptcy	2	2%
Personal reasons	2	2%
<b>Total</b>	<b>153</b>	

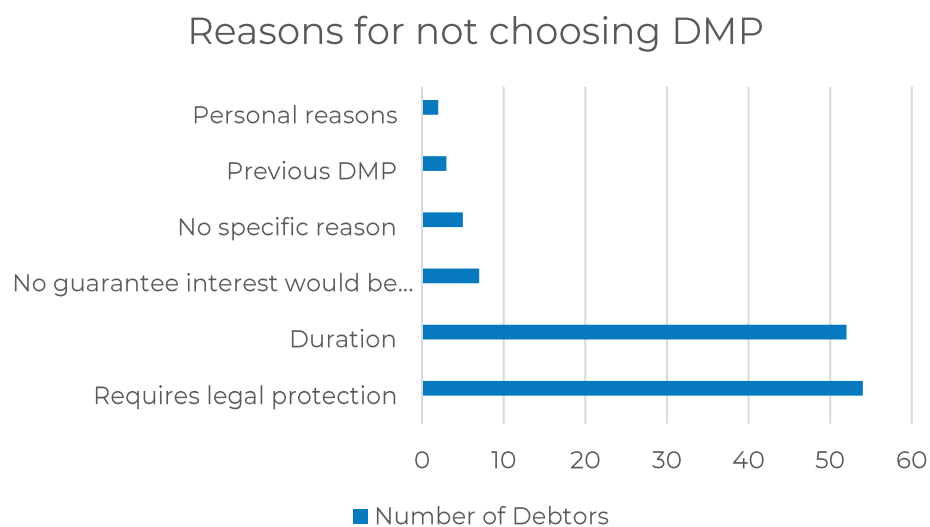
In all of the cases where the debtor cited not being able to afford the fee in Bankruptcy as the dominant or one of the reasons for not choosing Bankruptcy, they were advised that the fee could be paid in instalments. All debtors responded that they did not want to wait whilst they paid the fee in instalments as they required a more immediate solution. Reasons given for a more immediate solution were primarily creditor pressure and mental health.

Where 'no specific reason' has been recorded, these are cases where the debtor was adamant they did not wish to proceed with Bankruptcy but

could not give a particular reason as to why. In all cases the call handler took steps to assess that the debtor understood the Bankruptcy option.

## Debt Management Plan (DMP)

The reasons given by debtors for not wishing to proceed with the DMP solution are detailed below. It should be noted that in some cases debtors gave more than one reason for not wishing to proceed with DMP.



Reasons for not choosing DMP	Number of Debtors	Percentage of Debtors
Requires legal protection	54	50%
Duration	52	48%
No guarantee interest would be frozen	7	6%
No specific reason	5	5%
Previous DMP	3	3%
Personal reasons	2	2%
<b>Total</b>	<b>123</b>	

## Debt Relief Order (DRO)

In all 109 cases reviewed the debtor did not meet the DRO eligibility criteria at the date of the SIP 3.1 call(s).

## 10. Call Monitoring

Upon inception of the Scheme in 2019, the initial main area of focus was to review the consistency of the advice given to debtors by the Scheme members as this was considered to be a primary concern of stakeholders.

The call monitoring process evolved over 2019 and has continued throughout the subsequent year with introducer details being requested for each case and the Scheme members' internal due diligence of their introducers reviewed. Where a case has come by way of a direct approach to the Scheme member, or one of their connected companies, these calls are also required for review in addition to the SIP/Verification calls so that every stage of the debtor's journey from initial contact to appointment can be reviewed.

In order to increase the quantum of calls reviewed during 2021 the IPA recruited two dedicated call reviewers on a sub-contract basis to carry out call reviews in addition to the Scheme Inspectors. The call reviews carried out by the dedicated call reviewers are supervised and monitored by the Scheme Inspectors.

The additional call reviewing commenced in March 2021 and has continued throughout 2022.

The Scheme Inspection team select the cases for all call reviewing from the monthly data returns. The number of cases selected for a call review is dependent on the number of appointments held by the Scheme member – the more appointments held, the more cases that are selected. The cases are selected using criteria defined in the Insolvency Service guidance for monitoring volume providers, including but not limited to the high-risk areas of vulnerable debtors and low disposable income.

All calls for each case selected are requested for review which includes, but is not limited to, any introduction/initial contact call, appointment making call and advice calls. The proposals and any pre-appointment letters and records are also requested for review alongside the call. The call handler's scripts are also requested for review.

During 2022, a total of 1,051 cases have been call reviewed, being 952 IVA cases and 99 PTD cases.

The Scheme Inspection Team have reviewed the calls of 169 cases, and the dedicated call reviewers have reviewed the calls of 882 cases. The calls reviewed took place in 2022.

1.73% of new IVA appointments for Scheme members in 2022 have been call reviewed and 2.70% of new PTD appointments. Please see below breakdown of the reviews carried out across Scheme members:

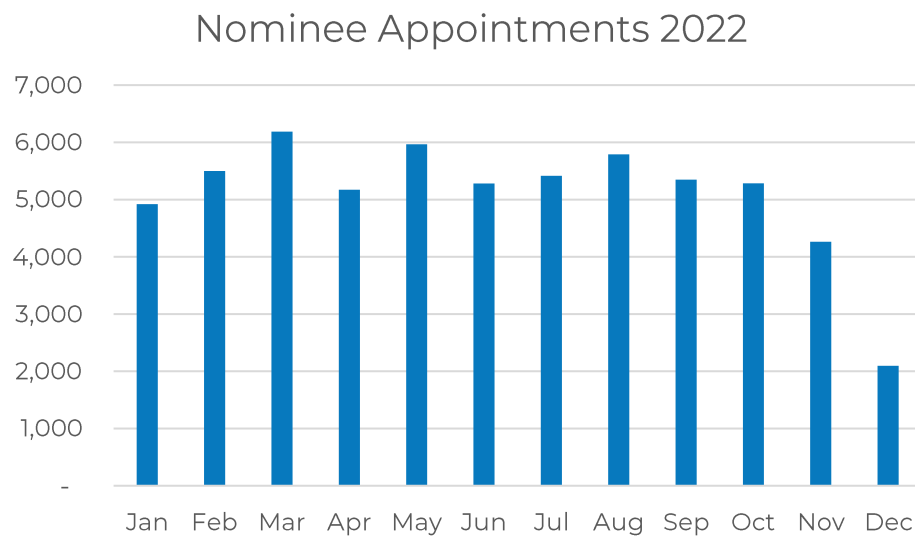
<b>Member</b>	<b>Inspection Team</b>	<b>Call Reviewers</b>	<b>Total</b>
<b>IVA</b>			
Creditfix	15	222	237
Debt Movement	12	111	123
Freeman Jones	18	86	104
Hanover	32	142	174
Payplan Bespoke	6	20	26
Payplan Partnership	12	28	40
Quality Insolvency Services	12	66	78
StepChange VA	6	24	30
The IVA Advisor	24	14	38
The Insolvency Group	16	86	102
<b>IVA Total</b>	<b>153</b>	<b>799</b>	<b>952</b>
<b>PTD</b>			
Carrington Dean	5	40	45
Hanover	-	-	-
Harper McDermott	9	32	41
Payplan Scotland	2	11	13
<b>PTD Total</b>	<b>16</b>	<b>83</b>	<b>99</b>
<b>Overall Total</b>	<b>169</b>	<b>882</b>	<b>1,051</b>

The IPA consider that the quality of call advice has continued to improve since the inception of the Scheme in 2019 with standards rising and a consistency in approach across all Scheme members. Scheme members are expected to adhere to best practice as well as the requirements of the SIPs. Advice calls are the first area to be monitored for new members to the Scheme to ensure their approach is consistent with other members.

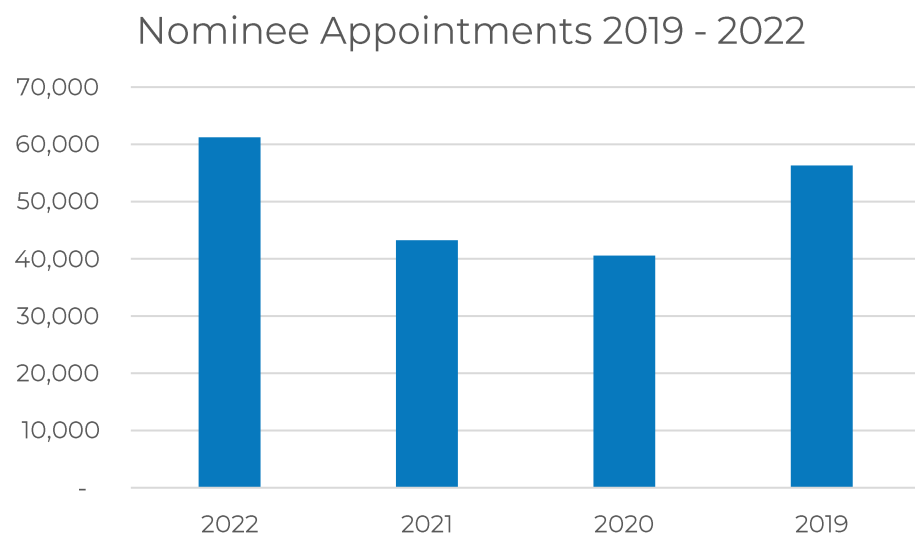
## 11. Focus Areas Summary and Statistics

### IVA New Appointments / Rejections

The total number of Scheme member new IVA Nominee appointments for 2022 was 61,224. The chart below shows a breakdown of the Nominee appointments each month. With this data we can look for any trends such as whether appointments are seasonal.



Total Scheme member Nominee appointments for 2022 compares to the preceding years are as follows:

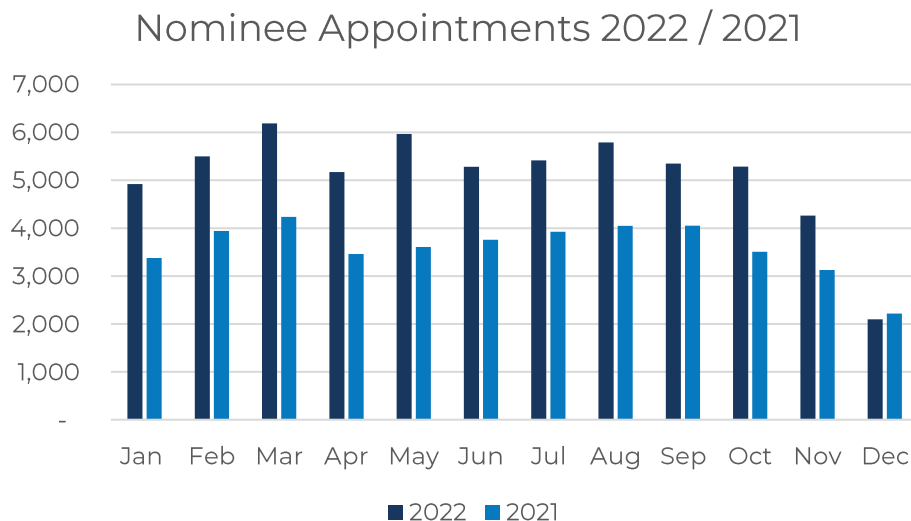




Year	Total Scheme Member Nominee Appointments
2022	61,224
2021	43,255
2020	40,575
2019	56,312

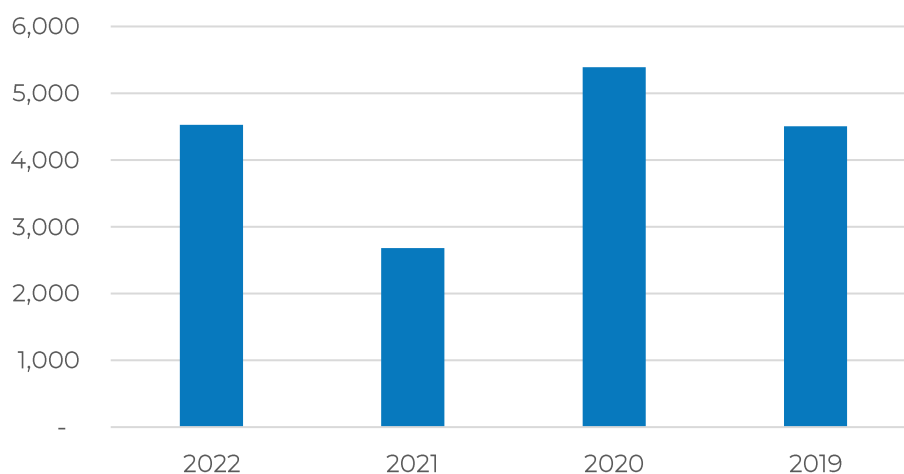
The data shows that Nominee appointments in 2022 are the highest since 2019. This is considered to be due to Government Covid support schemes delaying the impact on households and reducing household expenditure throughout the pandemic. The current cost of living crisis further increased household expenditure during 2022.

With the data collated from the Scheme member Monthly Data Returns we can look for any trends such as whether appointments are seasonal. As can be seen from the graph below Nominee Appointments in 2022 followed a similar pattern to 2021:



Of the 61,224 Nominee Appointments in 2022, 4,527 (7.39%) proposals were rejected by creditors. This compares to previous years as follows:

## Rejections 2019 - 2022

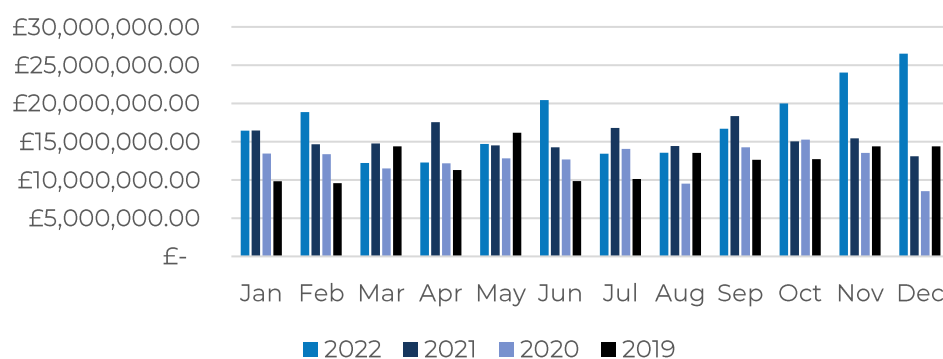


Year	Total Scheme Member Rejections	% of Proposed IVAs
2022	4,527	7.39%
2021	2,681	6.20%
2020	5,390	13.28%
2019	4,505	8%

## Distributions

Between 1 January and 31 December 2022, the sum of £210,034,061 was distributed to creditors by IVA Scheme members. The quantum of distributions has continued to increase since 2019.

## Distributions 2019 - 2022



<b>Year</b>	<b>Amount Distributed</b>
2022	£209,146,182
2021	£185,337,753
2020	£151,148,736
2019	£148,833,623

Between 1 January and 31 December 2022, the sum of £18,797,843 was distributed to creditors by PTD Scheme members. During 1 January and 31 December 2021, a total of £18,014,388.77 was distributed to creditors by PTD Scheme members.

### **Variations (IVA)**

During 2022 there were 22,458 variations approved on IVA cases. This is 9.64% of the total open cases as at 31 December 2022 (233,000).

During 2021 there were 20,363 variations approved on IVA cases. This is 9.29% of the total open cases as at 31 December 2021 (219,306).

*It should be noted that where 2022 figures have been compared to previous years' figures in the sections above, these are not directly comparable due to the changes in Scheme members over the last three years.*

## 12. Other Areas of Focus

### **Cost of Living Crisis (CLC)**

At the onset of Covid, we anticipated a significant impact on the economy and the ability of debtors to meet their monthly IVA contributions. The IVA Covid Protocol was enacted (as reported on in the 2020 Benchmark report), which was utilised by several thousand individuals. Whilst Covid resulted in a minimal effect on IVAs, the industry was proactive and not reactive and had considered the potential impacts in advance.

As stated in the 2021 Benchmark report, the IPA considered that a similar response was required with the real threats which were on the horizon at the time of energy rises, tax and interest charges increases and general inflation.

During 2022 the IPA's Chief Inspector took a significant role in a subgroup of the IVA Standing Committee which was set up to discuss the impact the CLC would have on individuals already in an IVA as well as those considering an IVA.

With the data provided with the Scheme Members' Monthly Data Returns, the IPA were able to provide substantiative evidence to assist the subgroup. This work remains ongoing.

### **Advertising / Marketing**

The IPA, along with other regulators, have been working with the Advertising Standards Agency (ASA) to try and raise the standard of advertising in respect of debt solution advertising by IPs and lead generation companies for some time now.

Whilst there was some improvement in the debt solution advertising space during 2021/22, it was an objective of the IPA to have more defined and definitive guidance on the required advertising standards. The IPA considered that this would assist the IPA, and other RPBs, in pursuing the statutory regulatory objectives of securing fair treatment for people and protecting and promoting the public interest. These efforts cover

advertisements place by regulated and, in particular, unregulated sources, with the latter also evidencing a significant incidence of advertisements placed by fictitious businesses, on occasions seeking to mimic genuine and highly regarded providers.

With those objectives in mind, the Committee of Advertising Practice (CAP) drafted an Enforcement Notice to draw together the various rulings and set standards in a central document which was published on 23 June 2022.

The IPA are pleased to have worked with CAP and fully support the Enforcement Notice as it is seen as an effective means of targeting the potential harms caused in advertisements directed at consumers with debt problems.

In summary, the Enforcement Notice summarises that IVA / PTD advertisements must:

- Clearly state the risks and fees involved.
- For lead generators, include a clear and prominent statement that they are a lead generation company which will pass on customer leads to third parties.

Advertisements must not:

- Imply association or approval from government, debt charities or regulated advisory bodies.
- Claim that customers “can write off up to 85% of their debts” or similar in the absence of robust documentary evidence.
- Exaggerate the simplicity or speed of the process or claim that customers can “lower your debt today” or similar.

From 25 July 2022 the CAP Compliance team have been taking targeted enforcement action to ensure a level-playing-field, which can include – where advertisers are unwilling to comply – referral to Trading Standards or an appropriate recognised professional body.

The IPA consider the CAP Enforcement Notice is an important step in ensuring that all advertising for debt management services is done in a responsible way, so that it minimises all potential harms and reduces the

possibility that anyone could be misled. Individuals in financial difficulties must be able to easily consider the various debt solutions available in a balanced way. We have seen big improvements in advertising in recent years from direct IP led advertising but there is still room for improvement across the whole sector. The Enforcement Notice will enable the IPA as regulators to take more direct action and importantly assist with raising standards across all regulated and unregulated parties.

### **Statement of Insolvency Practice (SIP) 3.1**

The purpose of SIPs is to promote and maintain high standards by setting out required practice and harmonising the approach of IPs to particular aspects of insolvency practice. SIPs apply in parallel to the prevailing statutory framework.

SIPs are subject to periodic review to ensure they remain relevant to changing legislation and market conditions. SIP 3.1 relates to IVAs.

A revised SIP 3.1 was released in January 2023 which came into effect on 1 March 2023. The revised SIP 3.1 applies to IVAs where the Nominee is appointed after 1 March 2023.

The IPA were proactively involved and sat on the working group for the changes to SIP 3.1 which has not previously been updated since 2014.

The principal changes in the revised SIP 3.1 relate to the degree of emphasis on the IP's responsibility to ensure that the debtor has received suitable advice prior to entering an IVA and during its implementation. This includes ensuring that the debtor is aware of all potential debt relief solutions available and that they are provided with adequate time to think about the consequences and the options available before instructing an IVA to be drawn up.

Where the debtor comes to the IP through a referrer, the IP should make themselves aware of the nature and extent of the advice previously given to the debtor and collect evidence of such advice. The IP should ascertain whether referrers that have advised the debtor are FCA authorised or exempt for debt advice purposes and document their status. If there are

any shortcomings in the advice, the IP is required to provide the appropriate advice themselves.

The revised SIP 3.1 includes a greater emphasis on documenting the process, including advice calls where appropriate, and on providing information to creditors that is more extensive and useful to them than before.

There is also a focus on providing tailored information and advice relevant to the debtor's particular circumstances rather than relying on generic explanations and standardised texts.

## **IVA Protocol**

The current IVA Protocol was updated in 2021. The aim of the Protocol is to facilitate the efficient processing and administration of consumer IVA by standardising terms and minimising the need for modifications. We generally see a reduction in the number of proposed modifications presented by creditors, but they are still significant and often cause delays and issues with the clients understanding of the IVA. Historically modifications have caused more administrative issues than they have solved.

The 2021 Protocol had quite a significant change to how an individual's property interest would be dealt with, by introducing three options. The changes have resulted in less individuals being subject to a property review at month 54. The IPA feel it would be beneficial for clients to remove Option 3 from the Protocol. If a property interest can't be resolved under the other Protocol property options then it should not be a Protocol compliant IVA and more flexible options for dealing with a property interest should be considered.

The Protocol currently suggests minimum debt levels of £5,000 for a Protocol IVA. At this level most individuals would be best suited by an alternative solution, such as a debt management plan where the debts would be repaid in full. We are using Scheme data to suggest an appropriately higher level that will minimise the risks and harms of individuals entering the wrong solution.

IVA failure rates continue to be a criticism. There is a lack of appreciation that an unmodified IVA only affords a 15% discretion in monthly

contributions, which on the average IVA contribution of circa £125 per month only affords a reduction of £18.75. After which the IVA Supervisor has to notify creditors and seek their approval. This creates an unnecessary administrative burden and creditors show an increasing unwillingness to appreciate the additional costs and work required to seek this approval and it also creates a period of uncertainty for the individual. There should be more trust in supervision and the application of spending guidelines. The reality of IVA failures is that the individual is not likely to be picked up by another debt solution. There is no prospect of any additional contributions from another debt solution. The IPA are continuing to seek an increase in the discretion level to afford more individuals the chance to complete their IVA.

## **Creditor Relations**

Throughout 2022, the IPA's Chief Inspector has continued to have regular meetings with the Creditors Groups as well as additional conversations as and when matters so require.

Links which were further established with the free debt advice sector, online forums and Credit Unions have continued to be strengthened throughout 2022.

## **Mis-selling**

The number of claims of mis-selling received remained very low in 2022.

There remains a continued concern over claims made on agents' websites which often claim widespread mis-selling in the industry and make bold claims of being able to successfully write-off debt. The examples seen typically result in payments into the IVA being stopped or even paid to the agent and unfortunately the cases seen are examples of clients with clear repayment records and even property interests to protect and there is typically limited positive engagement by parties concerned.

We have continued to raise our concerns with the Insolvency Service over how the IVA register is being used by these agents who allege mis-selling. Through our monitoring, or any complaints received, we have not seen any successful claims against IPs being completed.



The IPA would encourage any individual with a concern to first engage with the IP and their firm direct and in the event that a complaint cannot be resolved then the procedure outlined on the following website should be followed: [www.gov.uk/complain-about-insolvency-practitioner](http://www.gov.uk/complain-about-insolvency-practitioner).

### **Call for Evidence on Review of Personal Insolvency Framework**

In July 2022 the Insolvency Service launched a call for evidence on the personal insolvency framework. The IPA submitted a substantive response supported by evidence provided by the Scheme members through the Monthly Data Returns.

### **Anti-Money Laundering (AML) risk and potential harms**

The potential AML risks of IVAs and PTDs remains largely the same from that reported in the previous Benchmark report, in that there is a risk that vulnerable individuals could with increasing pressure on household incomes be used as money mules, with their personal accounts being compromised to launder the proceeds of crime. The risk has been incorporated into Scheme members' training and review processes by making sure that staff are aware of the importance of the issue and are able to flag this issue and any other suspicion and report accordingly.

The risk of the insolvency solutions in the Scheme being exploited for criminal gain remains relatively low but nevertheless under the Scheme we ensure that each firm regularly reviews their risk assessments.

Scheme Members are also aware of the risks that new and existing clients might be subject to illegal money lenders. An estimated 310,000 people are in debt to illegal money lenders in the UK. Scheme members are reminded that this risk should form part of their staff training and policies. They should be mindful of these risks and have procedures to deal with these issues and know how to spot the signs by asking simple questions such as 'is there anyone you are worried about receiving notification of your chosen debt solution?' Scheme Members should report loan sharks and be mindful of these risks.

## 13. Complaints Overview

### Complaints Overview

The majority of complaints dealt with by the IPA are referred from the Insolvency Service's dedicated Complaints Gateway which provides a single access point to register a complaint about an IP.

The Complaints Gateway undertakes an initial assessment of the complaint and, if it decides there are grounds for the matter to proceed, it will refer the complaint to the regulator responsible for licensing the IP.

Investigations may also arise as a result of monitoring visits, decisions of the IPA's Regulation and Conduct Committee (the Committee) or other intelligence.

### Complaints Handling Process

Stage 1 (initial assessment): The Secretariat undertakes a review of the complaint to establish whether there are facts or matters that indicate the IP has potentially become liable to disciplinary action. A decision will be made at this stage as to whether the complaint should be rejected or taken forward for a consideration of potential of professional misconduct.

Intelligence sharing / Risk Profiling: If, during the initial assessment of the complaint, the Secretariat does not consider that it is sufficiently serious to constitute professional misconduct but is not considered 'good practice', the matter will be drawn to the attention of the Inspection team and it may influence the specific areas requiring a focused review.

Stage 2 (potential misconduct): A draft allegation of misconduct will be formulated and put to the IP for their final representations before the complaint is then presented to the Committee for a final determination on whether there is a prima-facie case of misconduct.

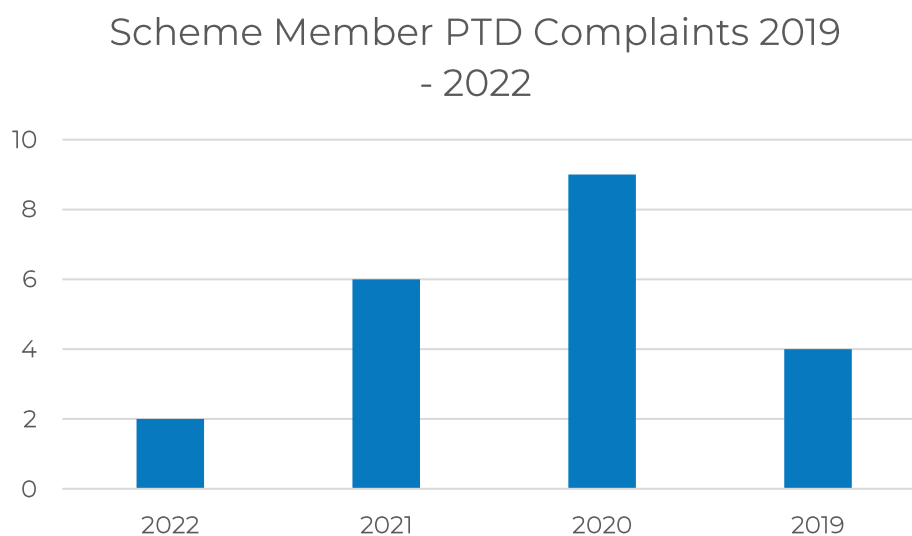
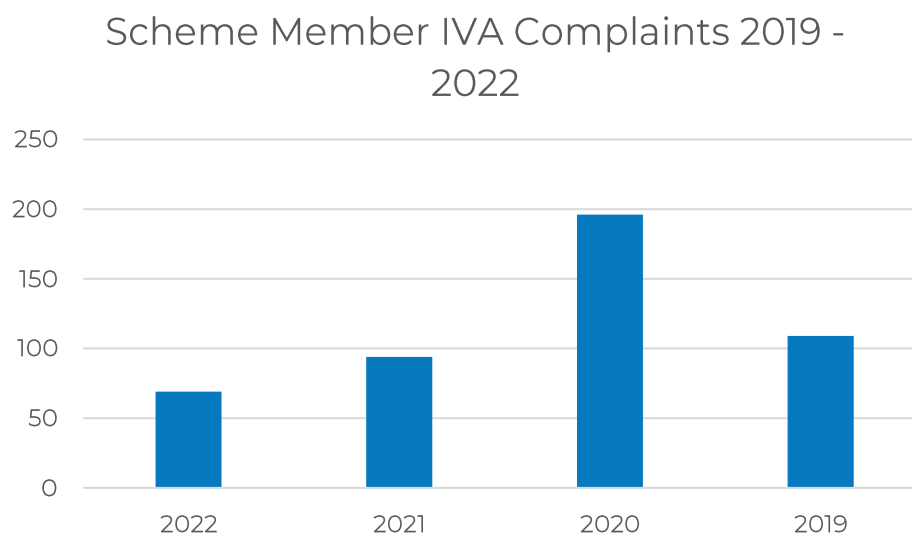
The Committee is responsible for considering any matter the Secretariat identifies as requiring Committee attention relating to the fitness of licensed IPs or liability to disciplinary action. The Committee also consider

all applications for authorisation. If, on consideration of the complaint, the Committee determines that there is a prima-facie case of misconduct, it has the power to invoke a licence restriction / withdrawal proceedings and invite agreement to disciplinary sanctions by consent, including reprimands and fines.

## Complaints in 2022

During 2022 there were 71 complaints received against the IPs within firms in the Scheme, of which 69 related to IVAs and 2 related to PTDs.

The 2022 complaints compare to previous years as follows:



Year	IVA	PTD	Total
2022	69	2	71
2021	94	6	100
2020	196	9	205
2019	105	4	109

Complaints in 2022 remain low, representing 0.03% of IVAs and 0.009% of PTDs administered by Scheme members.

There were 87 complaint closures in 2022, either by the Secretariat at the initial assessment stage or, in cases where a formal investigation was opened, following consideration/sanction by the Committee.

The table below provides an overview of the number of cases where a Committee decision was requested in 2022:

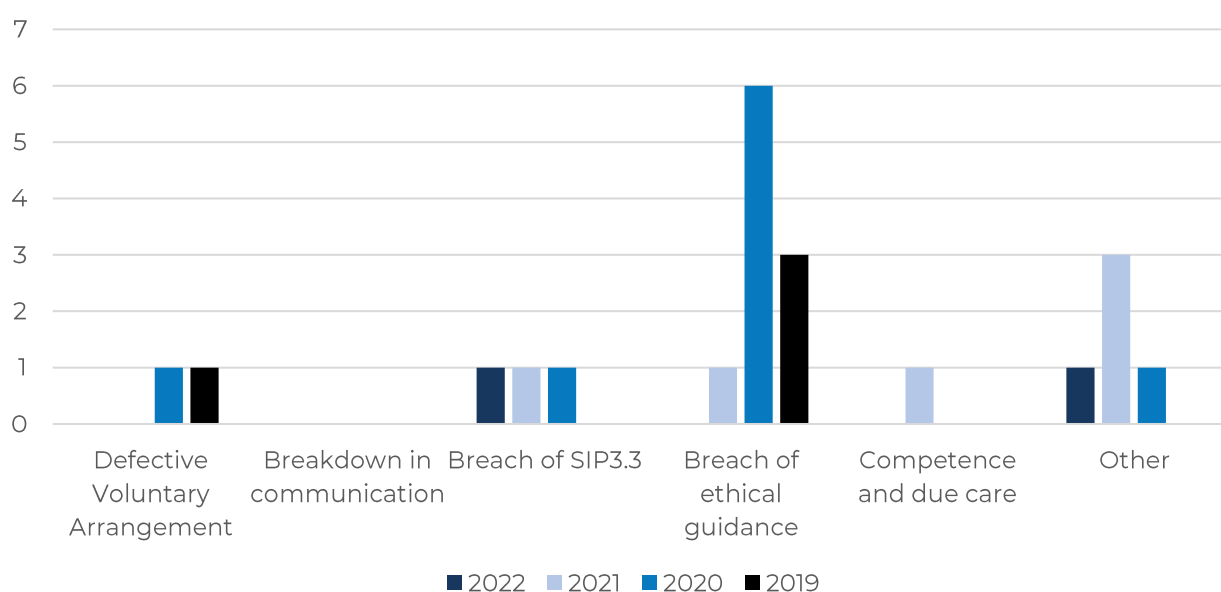
	IVA	PTD
Number referred and outcome reached	11*	1
Number where a prima-facie case of misconduct was made out by the Committee	3	-
Nature of complaints	<ul style="list-style-type: none"> <li>- Closure delay</li> <li>- Failure to undertake proper due diligence in relation to assets</li> <li>- Failure to undertake income and expenditure reviews</li> <li>- Communications breakdown</li> <li>- Retaining PPI realisations for the benefit of the IVA</li> </ul>	<ul style="list-style-type: none"> <li>- Failure to realise an asset for the benefit of creditors and failure to undertake regular income and expenditure reviews.</li> </ul>

\* Figure does not include complaint matters that were referred to the Committee on more than one occasion.

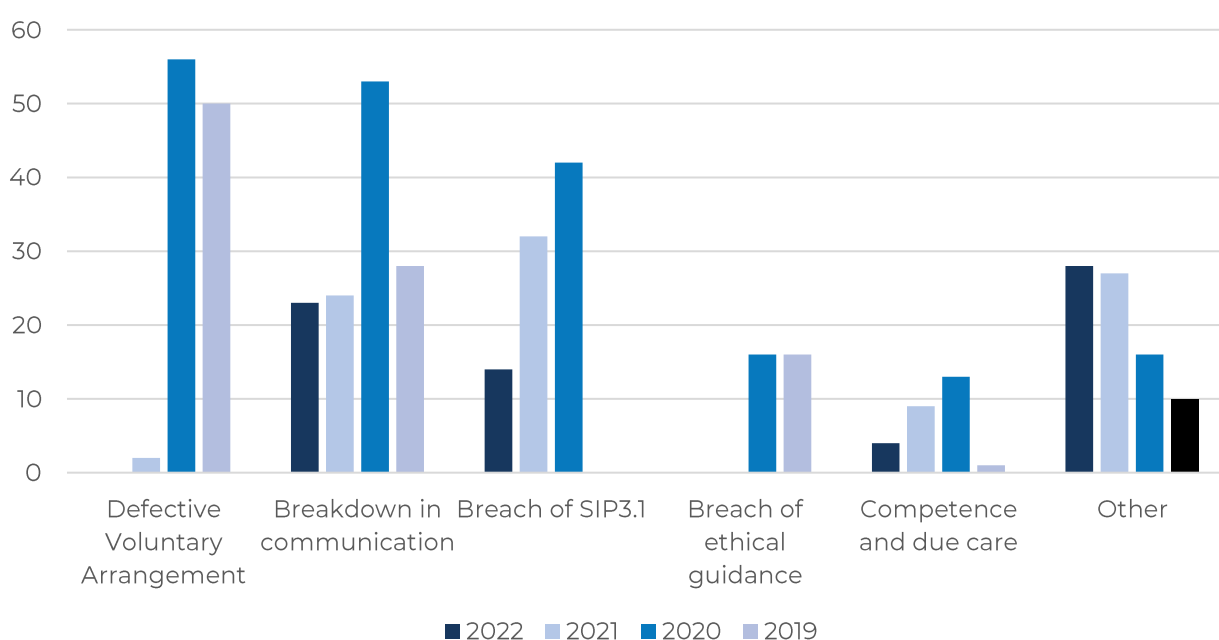
## Complaint Themes in 2022

Communication issues (i.e. inaccurate information, delays and/or failures to respond) and potential breaches of SIP 3.1 continued to generate the majority of complaints in 2022. There were also a number of complaints referred in relation to initial advice given and alleged mis-sold IVAs, potential breaches of advertising (i.e. the inclusion of misleading statements on websites and in online advertisements) and delays relating to either closure or dividends

PTD Complaint Themes 2019 - 2022



IVA Complaint Themes 2019 - 2022



	IVAs				PTDs			
	2022	2021	2020	2019	2022	2021	2020	2019
Defective Voluntary Arrangement	-	2	56	50	-	-	1	1
Breakdown in communication	23	24	53	28	-	-	-	-
Breach of SIP3.1/3.3	14	32	42	-	1	1	1	-
Breach of ethical guidance	-	-	16	16	-	1	6	3
Competence and due care	4	9	13	1	-	1	-	-
Other	28	27	16	10	1	3	1	-
<b>Total Complaints</b>	<b>69</b>	<b>94</b>	<b>196</b>	<b>105</b>	<b>2</b>	<b>6</b>	<b>9</b>	<b>4</b>

## **14. The Scheme 2023 Focus**

### **Scheme Membership**

It is anticipated that membership of the Scheme will continue to grow during 2023 with new members joining as and when they meet the criteria.

### **SIP3.1/3.3 Advice**

SIP 3.1/3.3 advice will continue to be monitored during 2023 as the IPA considers that continuous monitoring is key in this area.

### **Work Introducers**

The IPA will continue its work in the work introducer/lead generator area and will determine what steps to take once the outcome of the FCA consultation is known.

The IPA will continue to further its working relationship with the FCA and other parties in this arena.

### **Review of Personal Insolvency Landscape**

The IPA will continue to take an active role in the Insolvency Service's review of the personal insolvency landscape.

### **Anti-Money Laundering**

The IPA will continue to review risks in the IVA and PTD markets and ensure that firms have effective policies and procedures in place that are able to both identify current risks and adapt as risks change.

**General Data Protection Regulation (GDPR) Statement**

The IPA is committed to ensuring the security and protection of the personal information that we process, and to provide a compliant and consistent approach to data protection. If you have any questions related to our GDPR compliance, please contact us.

**Exclusion of liability**

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